RAJYA SABHA

Tuesday, the 7th August, 1984|16 *Sravana* 1906 (*Saka*)

The House met at eleven of the clock, **Mr. Chairman** in the Chair.

ORAL ANSWERS TO QUESTIONS

Shady tea sales by Warren Company

*221. SHRI M. KALYANASUNDARAM:
SHRI KALYAN ROY:†

Will the Minister of FINANCE be pleased to refer to the answer to Unstarred Question 283 given in the Rajya Sabha on the 24th July, 1984 and state:

(a) whether in course of investigation of shady tea sales by Warren Company and many other sterling and non-sterling companies including Tatas, the Income Tax authorities carried out searches at the premises of Shri Govind Prasad Ruia, Chairman, Shri Vinay Kumar Goenka, Vice-Chairman and Managing Director, Shri Arabinda Ray, Director and unearthed nearly Rs. 1 crore of unaccounted money and other incriminating documents, etc.;

(b) if so, what are the details thereof;

(c) what are the reasons for which the offices of other tea companies and residences of Directors of Tata-owned companies were not searched;

(d) whether Government have found out since how long the tea companies including Tatas have been manipulating sale of tea so as to suppress their income; and

(e) whether Government propose to have CBI involvement into the investigations?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. M. KRISHNA): (a) to (e) A statement is laid on the Table of the House.

†The question was actually asked on the floor of the House by Shri Kalyan Ray.

Statement

(a) and (b) Income Tax Department has not conducted any search in the case of Shri Govind Prasad Ruia, Chairman and Shri Vinnay Kumar Goenka Vice-Chairman & Managing Director of Warren Tea Company. A search was conducted in the case of Shri Arabinda Ray ex. Managing Director of Warren Tea Company. The search resulted in seizure of traveller cheques of $ 1030 and £70 and documents showing deposits of £35,000 in a foreign bank account.

(c) Searches are authorised in cases where on the basis of available information, the authority empowered to authorise search is satisfied that such an action is called for.

(d) The cases have been centralised for coordinated and speedy investigations. The details will be known only after the investigations have been completed.

(e) No such proposal is under consideration at present.

SHRI KALYAN ROY: Sir, this question arises ... (*Interruptions*)... Shall I ask the question? I thought you want to settle down.

MR. CHAIRMAN: I thought that you have conveyed the question to him and he will answer now.

SHRI KALYAN ROY: This question is relating to the accummulation of black money by many sterling and non-sterling tea companies of the country by manipulating tea sales which they do not show in the income. In relation to shady sales by tea companies Mr. Minister of Finance on 24th July stated, I quote:

> "Enquiries conducted so far do indicate that many tea companies including Tata have been manipulating sale of tea so as to suppress their income."

My first question would be, how many tea companies have been found manipulating sale of tea, accumulation of black money and suppressing the income which has been detected by the Government so far? That is my first question.

SHRI S. M. KRISHNA: Sir, there are a few companies which have been found..

MR. CHAIRMAN: He wants to know how many companies, even roughly. Are there two, three, twenty or hundred?

SHRI S. M. KRISHNA: There are more than two, Sir.

MR. CHAIRMAN: How many?

SHRI S. M. KRISHNA: I need notice to precisely say how many companies have been detected.

SHRI KALYAN ROY: Very strange, Sir.

SHRI S. M. KRISHNA: Sir, this question is about Warren Company. Mr. Chairman, Sir, you may kindly see the question which says: "Whether in course of investigation of shady tea sales by Warren Company and many other sterling and non-sterling companies..." So, he cannot take me on to a wide-ranging field.

SHRI KALYAN ROY: The question arises out of the Unstarred Question replied to in the Rajya Sabha on 24th July. When you have come to answer this question, you must have come prepared for that question also. Your ignorance is rather selective.

SHRI S. M. KRISHNA: That is the presumption.

SHRI KALYAN ROY: When the Minister pleads his ignorance to his own reply, I will not press him to reveal the secret which is rather serious. As per the information... (*Intrruptions*). Did you allow him to disturb me, Sir? The only common thing between him and me is we both drink tea.

Sir, there is a very serious statement which has been made. It has been mentiond that tea companis including Tatas have been manipulating sale of tea so as to suppress their income. That is the reply given by Mr. Krishna. I would like to know, since when have they been manipulating sale of tea so as to suppress the income? That is number one: Following from it, I find only in one case, in case of Shri Arabinda Ray ex. Managing Director of Warren Tea company, his house was searched and 35,000 pounds were found in the bank account besides documents. So, my question is, when they are manipulating price of sale of tea, why other sterling and non-sterling monopoly houses, their houses were not searched when the *prima facie* cases have been established against them. That is my first question.

SHRI PRANAB KUMAR MUKHERJEE: Sir, one point I would like to make clear. When we are having investigation, definitely the hon. Members should not expect me to disclose all the facts when the matter is under investigation. Surely it would not serve the purpose of investigation. We got some information about manipulation in the sale or showing of prices. For instance, it has come to our notice that in some cases instead of selling it in the auction where the price is being determined and on the whole regulated by the Tea Board, sometimes private sales are taking place. And we are taking action and investigating on the basis of this information. So at this stage it would not be desirable to disclose what information is available with me.

Secondly, it is not that only residence and premises of Shri Arabinda Ray have been searched. I can give the information that on that day—i.e. 22nd November—three premises in Delhi, three premises in Cochin, as many as 36 premises in Gujarat and 45 premises in Calcutta had been searched. Therefore a number of premises have been searched and there are a number of persons whose offices at different places have been searched and voluminous documents seized which will take some time to be scrutinised and to arrive at some sort of conclusion. Thereafter we will take action. And I think my colleague had informed the hon. Members earlier, and particularly I would like to draw the attention of the hon. Member that the Unstarred Question, out of which this Starred Question is coming, also relates to Warren Tea Company and not all other sterling tea companies. Therefore we indicated—I will not say it has been established—that *prima facie* concealed assets may be to the tune of 94 lakhs in one place and 14 odd lakhs in another place. But still these are preliminary informations. Unless we have a thorough

scrutiny, it would be difficult for me to indicate the exact quantum. And even if I have the information, I cannot disclose what information I have received in respect of all the other sterling tea companies because then the whole process of search and investigation would be lost.

SHRI KALYAN ROY: Sir, anyway you have also found out ultimately what is the result of searches and seizures. So I am not going into that. I am only pointing out that this particular tea company—the Warren Tea Company—was taken over by Mr. Ruia on the 31st of March, 1983. At that time Mr. Ray was the Managing Director. Mr. Mukherjee in his reply has stated that the search of ex-Managing Director, Mr. Arabinda Ray's house and other places resulted in seizure of travellers cheques of $1300 and £70 and documents showing deposits of £35,000 in a foreign bank account. This is what he says. Has the Minister noticed that in the last three years, a large number of sterling tea companies were taken over by quite a few big monopoly houses like that of Mr. R. P. Goenka, Mr. Ruia, Mr. Jit Paul and others and the sale prices which they are showing are not correct. Actually bigger amounts in black sterling have been paid in London. This amount of £35,000 which has been found is a part of that deal. I would like the Minister to look into the matter as to how many tea gardens were sold by the sterling companies and actually at what prices. These are a part of the huge black money which are passed between the sterling companies and non-sterling companies. Even Tatas are involved in this sort of thing. I do agree with Mr. Mukherjee that at the investigation stage I should not excpect him to reveal the information. But I would only say that he should see...

MR. CHAIRMAN: You want him to make a note and get that looked into.

SHRI KALYAN ROY: That is right. Sir. I would only suggest that very big people are involved and I am afraid that it may be hushed up finally. Would he see to it that the inquiry is completed by December?

SHRI PRANAB KUMAR MUKHERJEE: It is not possible for me to indicate any time schedule. Only on one point I would like to draw the attention of the House. And that is, in regard to the transfer of sterling tea companies to indigenous owners, there is a set procedure and the Reserve Bank scrupulously looks into it. But if some cases of the type which the hon. Member has referred to come to our notice, definitely they will be looked into by the Enforcement Directorate and other appropriate agencies.

SHRI NIRMAL CHATTERJEE: Sir, I am not satisfied with the answer that the Finance Minister gave. In the question proper, specifically non-sterling companies including Tatas have been mentioned but no information has been given. The argument that he cannot give more details for the sake of further investigation is not acceptable. Some reasons are known. These reasons are known also to the guilty. Why should we be deprived of knowing the results which have already arisen? We don't want the process of investigation; this House does not want information on how they are proceeding. The answer to the question which he has referred to has been very specific, that "...many tea companies including Tatas have been manipulating sale of tea so as to suppress their income." This is a very categorical statement. So, we want to know, including Tatas what is the *prima facie* information and what is the result of the investigations conducted on the many tea companies up to now. Further investigations he need not tell us. We want to know what is the result up to now. It is downright suppression if they do not give information.

SHRI PRANAB KUMAR MUKHERJEE: Sir, firstly, I have already indicated in reply to Mr. Roy's question that as a result of the search in November the *prima facie* assets seized were about Rs. 94 lakhs in one case and about Rs. 14 lakhs in another case. The hon. Member can simply add them and get the correct figure. This is still in the process of investigation and what I said still hold, that I cannot disclose information at this stage because it will affect

the investigation. Perhaps I should request the hon. Member to go through the rules of Rajya Sabha; if any information has appeared in the public documents, he should not waste the time of the House in asking for the information from me.

MR. CHAIRMAN: I think we will pass on to the next question. There is nothing in this except mud raking.

SHRI KALYAN ROY: There is a lot in it. We have seen only the tip of the iceberg. The iceberg is inside, very cleverly hidden by Mr. Mukherjee. Don't help him, Sir.... (*Interruptons*)...

MR. CHAIRMAN: I am not helping anybody. .... (*Interruptions*)...

DR. (SHRIMATI) NAJMA HEPTULLA: It is only a storm in the tea-cup. ... (*Interruptions*)...

SHRI KALYAN ROY: Let us have a Half-an-Hour discussion on it.

Working group to study the problems of Tobacco growers

*222. SHRI INDRADEEP SINHA:
SHRI CHATURANAN MISHRA:†

Will the Minister of COMMERCE be pleased to state:

(a) whether it is a fact that a working group appointed by Government to study the problems of tobacco growers had suggested introduction of auction system for the sale of tobacco leaves;

(b) if so, what are the details thereof;

(c) whether it is also a fact that the Central Government have decided not to introduce the auction system in Andhra Pradesh during this season commencing from the month of September, 1984; and

(d) if so, what are the reasons therefor?

THE DEPUTY MINISTER IN THE MINISTRY OF COMMERCE (SHRI P. A. SANGMA): (a) to (d) A Statement is laid on the Table of the House.

†The question was actually asked on the floor of the House by Shri Chaturanan Mishra.

Statement

A Working Group set up by the Ministry of Commerce to study the problems of tobacco growers in depth and to recommend a comprehensive policy, has *inter alia* recommended introduction of auction system to cover all tobacco growing areas and to take up inhand the programme for coverage of auction system to the whole of Andhra Pradesh so as to introduce the same in that State in 1985 season. It has also recommended that there should be an agency to intervene and mop up the unsold surpluses in the auctions at a minimum support price; further, the Tobacco Board should itself be intrusted with the functions of the stabilising agency for the purchase of unsold tobaccco at the auctions for the time being and for this purpose, the Board should be suitably strengthened. The Tobacco Board should conduct test auctions in 1984 season.

Initially, it is proposed to introduce the auction system for sale of virginia tobacco in Karnataka region in the ensuring season commencing from September, 1984, in view of the compactness of the area under virginia tobacco, and the quantum of annual crop produced. Taking into account the Karnataka experience, the auction system is proposed to be introduced in Andhra Pradesh in stages.

श्री चतुरानन मिश्र: सभापति महोदय, जो स्टेटमेंट सरकार ने दी है उसमें है कि तम्बाकू का आक्शन सिस्टम, , वर्किंग ग्रुप की जो रिकमेंडेशन है उनके मुताबिक कर्नाटक में शुरू किया है। आन्ध्र प्रदेश के जो तम्बाकू उत्पदक है उनकी हालत पिछले कई वर्षों से लगातार अधिकाधिक खराब है, यहां तक कि जो झूठी कम्पनियां हैं, बेनामी कम्पनियां है उनके नाम से किसानों से लोग खरीद लेते हैं तम्बाकू। कीमत भी 50 परसेंट से ज्यादा नहीं मिल रही है। ऐसा जब किसानों को डिस्ट्रेस सेल करना पड़ रहा है तो क्यों नहीं सरकार आन्ध्र प्रदेश में उसी आक्शन सिस्टम को लागू करती है ताकि